

BJÖRN BORG

BJÖRN BORG AB INTERIM REPORT JANUARY-MARCH 2020

CHALLENGING TIMES, BUT WITH CONTINUED STRONG GROWTH ONLINE

JANUARY 1 - MARCH 31, 2020

- The Group's net sales decreased 8.6 percent to SEK 172.0 million (188.2). Excluding currency effects, sales were down 10.4 percent.
- Net sales for own e-commerce increased with 23 percent to SEK 17.5 million (14.2). Net sales for own e-commerce and e-tailers amounted to SEK 52.7 million (53.4), a decrease of 1.4 percent.
- The gross profit margin was 54.1 percent (56.8).
- Operating profit amounted to SEK 7.2 million (18.5).
- Profit after tax amounted to SEK 10.6 million (16.9).
- Earnings per share before and after dilution amounted to SEK 0.42 (0.67).

QUOTE FROM THE CEO

"In the first two months of 2020 we saw good year-over-year growth, but the quarter ended with a big drop in revenue as a result of the restrictions introduced to combat the coronavirus pandemic. In spite of this, we continued to grow in Germany, by 28 percent, driven by collaborations with e-tailers. In Finland we grew 15 percent year-over-year and our own e-commerce grew 23 percent in the quarter. Maintaining liquidity is very important and at the date of publishing this report the company has SEK 163 million in available liquidity," commented CEO Henrik Bunge.

SEK million	January- March 2020	January- March 2019	April 2019- March 2020	Full-year 2019
Net sales	172.0	188.2	740.7	756.9
Gross profit margin, %	54.1	56.8	53.0	53.7
Operating profit	7.2	18.5	40.1	51.4
Operating margin, %	4.2	9.9	5.4	6.8
Profit after tax	10.6	16.9	32.7	38.9
Earnings per share before dilution, SEK	0.42	0.67	1.30	1.55
Earnings per share after dilution, SEK	0.42	0.67	1.30	1.55
Brand sales*	451	473	1,618	1,640

* Estimated total sales of Björn Borg products at the consumer level, excluding VAT, based on reported sales at the wholesale level.



CEO'S COMMENT

As I write my comment on our first quarter of 2020, we are in the midst of the biggest global crisis I have experienced as a person and as a CEO. At the end of February and beginning of March we in Europe were also impacted by Covid-19 and a pandemic that will go down in the history books. Naturally, the restrictions in many of our markets are a huge challenge, but my belief in our business and our why – to inspire people to exercise more to feel better – has never been stronger.

Net sales in the quarter were SEK 172.0 million (188.2), a decrease of 8.6 percent compared with the previous year. In the first two months of 2020 we saw good year-over-year growth, but the quarter ended with a big drop in revenue as a result of the restrictions introduced to combat the coronavirus pandemic. In spite of this, we continued to grow in Germany, by 28 percent, driven by collaborations with e-tailers. In Finland we grew 15 percent year-over-year and our own e-commerce grew 23 percent in the quarter. Other markets declined from the previous year, with the Swedish wholesale business dropping 34 percent compared with the same quarter in 2019. Our own stores were very weak in the quarter, largely because of the stores we were temporarily forced to close in Finland, Belgium and the Netherlands. In total, our own store sales were down 11 percent, while comparable store sales fell 17 percent.

The gross profit margin decreased to 54.1 percent (56.8). Adjusted for currency effects, with the krona weakening against both the EUR and USD, the margin would have been 55.3 percent. Our operating expenses rose SEK 3.3 million in the quarter after we moved our main warehouse and because of currency effects, with the Swedish krona weakening against the euro. Other expenses such as marketing and personnel are decreasing as a result of the cost savings we introduced at the end of the quarter. Lower revenue and increased expenses reduced our operating profit to SEK 7.2 million (18.5).

Maintaining liquidity is very important and at the date of publishing this report the company has SEK 163 million in available liquidity.

It is a challenging time for everyone, and my focus in this uncertain time is on creating security. Every Monday I present an update on where we stand and the week's focus in a digital meeting with all our employees in all our markets. I conclude these meetings encouraged by the positive response from our team. Our brand is strong and our culture is even stronger. This has convinced me of our ability to emerge from this crisis as one of the winners in a severely affected industry and to continue to build a global sports fashion business.

Let's go!

Head coach, Henrik Bunge



OPERATIONS

BRAND SALES

Brand sales are a calculation of the total sales value of Björn Borg products at the consumer level excluding VAT. In the first quarter of 2020 brand sales fell. The decrease was mainly in the product areas sports apparel and underwear, while footwear saw an increase. In total, brand sales decreased 5 percent to SEK 451 million (473). Adjusted for currency effects, brand sales decreased 6 percent in the quarter.

PRODUCT AREAS FIRST QUARTER 2020

Brand sales in the underwear product area decreased 18 percent in the first quarter, while sports apparel fell 22 percent. Underwear accounted for 41 percent (49) of brand sales.

Footwear brand sales rose 21 percent compared with the same quarter in 2019, while other licensed products decreased 4 percent, with eyewear dropping the most. In total, brand sales of licensed products increased 18 percent in the first quarter.

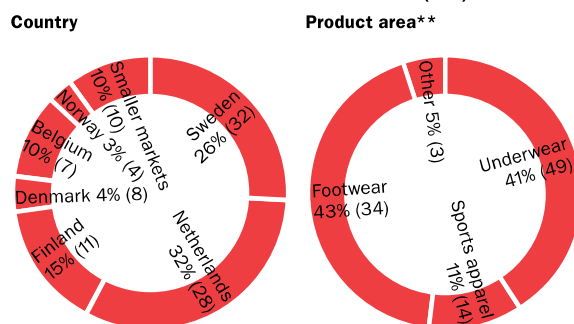
MARKETS FIRST QUARTER 2020

Among large markets, the Netherlands, Belgium and Finland grew, while Sweden, Norway, Denmark and England declined. Smaller markets stood for combined for growth of 27 percent.

BJÖRN BORG STORES

As of March 31, 2020, there were a total of 33 (32) Björn Borg stores, of which 30 (29) are Group-owned.

BRAND SALES* OF BJÖRN BORG PRODUCTS JANUARY-MARCH 2020. TOTAL SEK 451 MILLION (473)



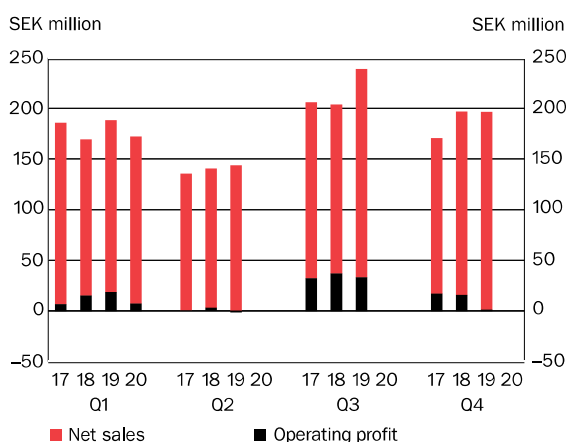
* Estimated total sales of Björn Borg products at the consumer level, excluding VAT, based on reported sales at the wholesale level.

** **Underwear:** Men's and women's underwear, swimwear, socks and adjacent products. **Other product areas:** Fragrances, bags and eyewear.

THE GROUP'S DEVELOPMENT

Sales decreased in the first quarter, largely driven by the Swedish wholesale business as well as generally for our own stores, which saw traffic plunge in March due to the coronavirus outbreak. The operating result decreased year-over-year due to lower sales.

QUARTERLY NET SALES AND OPERATING PROFIT, 2017-2020



SALES

First quarter, January-March 2020

The Group's net sales amounted to SEK 172.0 million (188.2) in the first quarter, a decrease of 8.6 percent. Currencies positively affected sales in the quarter. Adjusted for currency effects, sales decreased 10.4 percent.

The negative sales trend compared with the first quarter of 2019 is largely due to lower net sales in the Swedish wholesale business, which fell 34 percent. This decrease was mainly driven by lower demand due to the coronavirus outbreak.

The German and Finnish wholesale businesses performed strongly, growing 28 percent and 15 percent, respectively, compared with the previous year. Growth in Germany was driven by e-tailers, while Finland saw higher sales mainly in sports apparel.

The Swedish retail company reported lower store traffic compared with the previous year, especially in March after the coronavirus outbreak, due to which quarterly sales were down. Sales fell 1 percent for comparable stores and by 14 percent in total. E-commerce grew 23 percent in the quarter and the number of website orders was higher than the previous year.

The Benelux operations were down 21 percent from the previous year. On a currency neutral basis, the decrease

was 23 percent. It was mainly our own retail that fell year-over-year, with our own stores closed since mid-March due to the coronavirus outbreak. Comparable store sales fell 26 percent and total retail sales decreased 25 percent. The wholesale business was also down for the same reason with sales declining 20 percent in the quarter.

Sales to external distributors decreased year-over-year, mainly driven by the Norwegian and Danish markets, while other markets reported positive development.

External royalties increased slightly, driven by licensing revenue from footwear.

PROFIT

First quarter, January-March 2020

The gross profit margin for the first quarter decreased to 54.1 percent (56.8). A stronger USD, combined with a strong EUR, negatively affected the margins. Adjusted for currency effects, the gross profit margin would have been 55.3 percent.

Other operating revenue amounted to SEK 10.3 million (4.6) and mainly refers to unrealized gains on accounts receivable in foreign currency, which positively affects profit.

Operating expenses increased SEK 3.3 million compared with the previous year mainly through higher logistics expenses in connection with the move to a new main warehouse, as well as due to negative currency effects related to a weaker SEK vs. EUR. Quarterly expenses for staff and marketing decreased, however, in connection with measures taken by the company to reduce the negative financial impact of the coronavirus. The company has implemented temporary reduction of working time and reduced marketing activities where appropriate.

The lower revenue, coupled with the lower gross profit margin compared with the previous year and higher operating expenses, led to a decrease in operating profit to SEK 7.2 million (18.5). The operating margin was 4.2 percent (9.9).

Net financial items amounted to SEK 6.0 million (1.4). The improvement compared with 2019 is mainly due to the revaluation of financial assets and liabilities in foreign currency. Profit after tax for the period decreased to SEK 10.6 million (16.9).

Development by segment

Björn Borg's segment reporting consists of the company's primary revenue sources, which are divided into: *Wholesale*, *Consumer Direct*, *Distributor and Licensing*, which is also how the business is monitored internally in the Group.

Wholesale

The segment consists of revenue and expenses associated with the Björn Borg Group's wholesale operations. The Group has wholesale businesses in Sweden, Finland, the Netherlands, Belgium and England for apparel and underwear as well as in Sweden, Finland and the Baltic countries for footwear.

Segment	Revenue source	Operating revenue, SEK thousands		Operating profit, SEK thousands		Operating margin, %	
		2020	2019	2020	2019	2020	2019
Wholesale	Products	131,167	139,467	7,260	14,730	6	11
Consumer Direct	Products	39,519	38,088	-7,614	-4,137	-19	-11
Distributors	Products	101,907	121,248	1,457	2,636	1	2
Licensing	Royalties	23,042	24,594	6,145	5,316	27	22
Less internal sales		-113,332	-130,626	-	-	-	-
Total		182,302	192,772	7,247	18,545	4	10

The segment's operating revenue decreased in the first quarter 2020 to SEK 131.2 million (139.5). External operating revenue amounted to SEK 130.5 million (138.5), a decrease of 6 percent. One reason for the decrease is that the company saw declines mainly in the Swedish market due to the coronavirus outbreak. The markets in the Netherlands, Belgium and England, where the virus has had a major impact, also saw declines. On the other hand, the markets in Germany and Finland as well as the footwear business grew year-over-year. Sales to e-tailers, which primarily sell online, decreased by a combined 10 percent in the quarter to SEK 35.2 million (39.2). There are differences between markets, however, with Sweden and Germany reporting growth, while the Netherlands, Belgium and England decreased.

Operating profit amounted to SEK 7.3 million (15.2) compared with the previous year. The decrease is due to lower sales with lower gross profit margins, which were negatively affected by currencies with a weaker SEK compared with USD and EUR, combined with slightly higher operating expenses.

Consumer Direct

The segment consists of revenue and expenses associated with the Björn Borg Group's direct sales to consumers. The Björn Borg Group owns and operates a total of 30 stores and factory outlets in Sweden, Finland, the Netherlands, Belgium and England with sales of underwear, sports apparel, adjacent products and other licensed products. In addition, Björn Borg sells online through www.bjornborg.com.

Operating revenue in the Consumer Direct segment increased in the first quarter 2020 to SEK 39.5 million (38.1). External operating revenue rose to SEK 39.5 million (38.1), up 4 percent. The increase is due to continued strong development for our own e-commerce, which grew 23 percent year-over-year. This was offset by lower traffic in our own stores due to the coronavirus outbreak. The Group's stores in Sweden declined 14 percent year-over-year, while comparable stores fell only 1 percent. The stores in Benelux performed weakly with all of our own stores closed since mid-March due to the coronavirus outbreak; sales decreased 25 percent in total and 26 percent for comparable stores. The Finnish stores were partly closed as well in the second half of March with three stores shut down. In total, however, the Finnish stores reported an increase compared with 2019 because of a higher number of stores; sales rose in total by 41 percent, while comparable stores fell 13 percent. The store in England was closed in the second half of March and declined 8 percent year-over-year. In total, sales for the Group's own stores decreased 11 percent, while comparable stores decreased 17 percent.

The operating loss for the first quarter 2020 was SEK 7.6 million, against a year-earlier loss of SEK 4.6 million. The increased loss is mainly due to lower gross profit margins than the previous year. External operating expenses have increased slightly from the previous year, primarily due to slightly higher logistics expenses as well as higher marketing expenses in e-commerce.

Brick-and-mortar stores play an important role for consumers when combined with a digital presence to create a consistent brand image. We therefore continuously assess conditions and locations to optimize our retail holdings.

Distributors

The Distributors segment mainly consists of revenue and expenses associated with sales to external distributors of product groups developed by the company.

The segment's operating revenue amounted to SEK 101.9 million (121.2) in the first quarter 2020. External operating revenue decreased to SEK 5.4 million (10.0), down 45 percent from the previous year. The main reason

was a year-over-year decrease in sales to both major distributor markets, Norway and Denmark, primarily driven by Norway, which had a weak quarter.

Operating profit decreased to SEK 1.5 million (2.6) due to the lower external sales in the segment.

Licensing

The Licensing segment mainly consists of royalty revenue from licensees and expenses for the Group associated with the licensing operations.

The segment's operating revenue amounted to SEK 23.0 million (24.6) in the first quarter 2020. External operating revenue rose to SEK 6.9 million (6.2). The increase is a result of higher brand sales of licensed products, with footwear accounting for most of the growth. Royalties as a percentage vary between product categories, because of which there is not always an exact correlation between royalties and brand sales.

Operating profit increased to SEK 6.1 million (5.3) for the quarter. The improvement is due to the higher external sales in the segment.

Intra-Group sales

Intra-Group sales for the first quarter 2020 amounted to SEK 113.3 million (130.6).

SEASONAL VARIATIONS

The Björn Borg Group is active in an industry with seasonal variations. Sales and earnings vary by quarter. See the figure on quarterly net sales and operating profit on page 4.

INVESTMENTS AND CASH FLOW

The Group's cash flow from operating activities amounted to SEK -16.5 million (5.2) in the first quarter 2020. The decrease from the previous year primarily came from corporate tax paid and decreased operating income.

Cash flow from investing activities was negative at SEK -1.2 million (-2.9). Total investments in tangible and intangible non-current assets amounted to SEK 1.2 million (2.9) for the period.

Cash flow from financing activities amounted to SEK 8.9 million (-10.2). The year-over-year improvement is mainly due to the utilization of the bank overdraft facility, which was offset by amortization of the shareholder loan that represents payment for the acquisition of the previous distributor in Benelux.

FINANCIAL POSITION AND LIQUIDITY

The Björn Borg Group's cash & cash equivalents and investments amounted to SEK 22.0 million (29.4) at the end of the period with interest-bearing liabilities of SEK 301.4 million (290.9). The liabilities have been affected by IFRS 16. Interest-bearing net liabilities, excluding lease liabilities, amounted to SEK 151.4 million (120.6). Total lease liabilities amounted to SEK 128.0 million (140.9), of which SEK 90.5 million represents the long-term share and SEK 37.5 million the short-term share.

In addition to the revolving credit of SEK 150 million, Björn Borg has an overdraft facility of SEK 90 million from Danske Bank, of which SEK 23.3 million was used as of March 31, 2020.

COMMITMENTS AND CONTINGENT LIABILITIES

As a commitment for the overdraft facility and three-year revolving credit, the company has pledged to ensure that the ratio between the Group's net debt and rolling 12-month EBITDA does not exceed 3.00 on the last day of each quarter. Moreover, the Group will maintain an equity/assets ratio of at least 35 percent. The commitments were updated during the year and today the company, due to the situation

caused by the coronavirus, has come to agreement with the bank on more lenient terms, because of which net debt in relation to EBITDA may amount to 3.12 in the first quarter, does not have to be measured in the second quarter, and leniency for the third and fourth quarter.

As of March 31, 2020 the ratio was 3.12 (1.47) and the equity/assets ratio was 46.8 percent (51.1).

No changes were otherwise made with regard to pledged assets and contingent liabilities compared with December 31, 2019.

PERSONNEL

The average number of employees in the Group was 211 (213) for the twelve-month period ending March 31, 2020, of whom 66 percent (66) are women.

RELATED PARTY TRANSACTIONS

Other than customary remuneration (salary, fees and other benefits) to the CEO, senior executives and the Board of Directors, as well as intra-Group sales, there were no transactions with related parties during the period.

SIGNIFICANT RISKS AND UNCERTAINTIES

In its operations the Björn Borg Group is exposed to risks and uncertainties. Information on the Group's risks and uncertainties can be found on page 61 in the annual report for 2018.

The company has however, noted that the coronavirus outbreak has significantly changed the world around us and is affecting the Björn Borg Group. The extent of the impact is difficult to assess, but the outbreak will have a substantial financial effect on the Björn Borg Group's business. We are currently seeing a major financial impact on our own stores with fewer visitors and a large decrease in sales. In particular, the company is seeing that overall development and/or decisions by the authorities in the countries where the company conducts its business are leading to, or may lead to, reduced demand in the retail market, potential disruptions to the distribution chain, unfavorable currency impacts, payment difficulties by our customers and closed stores with reduced sales as a result. Such effects have already occurred at the end of the first quarter 2020, where we at the end of March closed all our own stores in the Netherlands, Belgium and England as well as three stores in Finland. The stores in Sweden are still open. The negative financial effects will probably increase in the second quarter 2020. Despite the strained situation, the company has a good financial position with satisfactory liquidity. As an added precautionary measure, the company has applied for, and been granted, an additional loan from Danske Bank of SEK 40 million. The bank has also granted concessions on the covenants (net debt in relation to EBITDA) for all quarters in 2020. Additional measures that the company has implemented to mitigate the financial effects of the coronavirus include temporary reduction of working time, renegotiated lease payments for the Group's own stores, an application to defer tax payments and overall reductions in operating expenses.

PARENT COMPANY

Björn Borg AB (publ) is primarily engaged in intra-Group activities. As of March 31, 2020 the company owns 100 percent of the shares in Björn Borg Brands AB, Björn Borg Footwear AB, Björn Borg Inc., Björn Borg Services AB, Björn Borg UK, Baseline and Björn Borg Finland Oy. In addition, the company owns 75 percent of the shares in Björn Borg (China) Ltd.

The Parent Company's net sales for the first quarter amounted to SEK 25.6 million (25.5).

Profit before tax amounted to SEK 2.2 million (-3.7) in the first quarter. Cash & cash equivalents amounted to SEK 0.0 million (2.3) as of March 31, 2020.

EVENTS AFTER THE REPORTING PERIOD

Maintaining liquidity is very important and at the date of publishing this report the company has a satisfactory level of available liquidity. Furthermore, the Board of Directors has decided to withdraw its previous proposal that the Annual General Meeting 2020 resolve to distribute a dividend of SEK 1.50 per share and instead resolve that no dividend or distribution shall be paid out for 2019, which will have a positive impact on the liquidity of SEK 37.7 million. As an added precautionary measure, the company has applied for, and been granted, an additional loan from Danske Bank of SEK 40 million.

NUMBER OF SHARES

Björn Borg has 25,148,384 shares outstanding.

FINANCIAL GOALS

Björn Borg's long-term financial goals for the company, which were last updated in 2019, are as follows:

- Annual sales growth of minimum 5 percent
- Annual operating margin of minimum 10 percent
- An annual dividend of at least 50 percent of net profit
- The equity/assets ratio should not fall below 35 percent.

The company maintains the long-term financial goals as per above, but assess that they will not be possible to meet for 2020 due to the negative financial impact the Corona virus has on the Björn Borg Group's business.

Comments to the financial objectives:

Sales growth is expected to mainly come from sports apparel, although other product groups are also expected to grow.

ANNUAL GENERAL MEETING

The Annual General Meeting for the financial year 2019 will be held in Stockholm at 10:00 am (CET) on June 30, 2020. The Board of Directors has decided to withdraw its previous proposal that the Annual General Meeting 2020 resolve to distribute a dividend of SEK 1.50 per share and instead resolve that no dividend or distribution shall be paid out for 2019.

ACCOUNTING PRINCIPLES

This condensed interim report for the Group has been prepared in accordance with IAS 34 *Interim Financial Reporting* and applicable provisions of the *Annual Accounts Act*. The interim report for the Parent Company has been prepared in accordance with chapter 9 of the *Annual Accounts Act* on interim reporting and RFR 2 *Accounting in Legal Entities*. The accounting principles applied in the interim report conform to the accounting principles applied in the preparation of the consolidated accounts and annual report for 2018 (see page 56 in the annual report for 2018) with the addition of IFRS 16 *Leases*, which is applied as of January 1, 2019. See the detailed accounting principles below. New and amended standards and new interpretations which apply as of January 1, 2019 have not had a material impact on the Group's financial reports. The Parent Company applies the exemption in RFR 2 to IFRS 16 and expenses lease payments on a straight-line basis over the lease term, provided that another systematic approach does not better reflect the user's economic benefits over time. Other amendments in RFR 2 which apply as of January 1, 2019

have not had a material impact on the Parent Company's financial reports.

LEASING

The Group determines whether a contract is or contains a lease at the contract's commencement. The Group recognizes a right-of-use asset and a corresponding lease liability for all leases in which the Group is the lessee, with the exception of short-term leases (contracts classified as leases with a term of less than 12 months) and leases of low-value assets (such as computers and office equipment). For these leases, the Group expenses the lease payments on a straight-line basis over the lease term, unless another systematic approach is more representative of when the economic benefits of the leased assets are consumed by the Group.

The lease liability is initially measured at the present value of lease payments that have not been paid on the commencement date, discounted by the lease's implicit rate, if this interest rate can be easily determined. If this interest rate cannot be easily determined, the Group's marginal borrowing rate is used instead. The marginal borrowing rate is an estimated interest rate that the Group would have to pay for debt financing during a corresponding period, and with corresponding collateral, for the right to use an asset in a similar economic environment. When determining the marginal borrowing rate, Björn Borg has taken into account the risk profile per country where the leases are located as well as the term of the leases.

Lease payments included in the measurement of the lease liability comprise:

- fixed fees (including in substance fixed fees, after deducting any economic benefits received when signing the lease),
- variable lease payments that are linked to an index or a price, initially measured with the help of an index or price on the commencement date,
- amount expected to be paid out according to residual value guarantees,
- the exercise price of options to buy if it is reasonably certain that the options will be exercised, and
- termination penalties if the lease term reflects that the Group will utilize an opportunity to terminate the lease.

In cases where property leases within the Group contain an extension option, a lease-by-lease assessment is made whether it is reasonably certain that the option will be exercised. This assessment considers all relevant facts and circumstances that create an economic incentive in, e.g., the terms and conditions for extended periods compared with market interest rates, significant leasehold improvements that have been made (or are expected to be made), costs that arise when the lease is terminated, e.g., negotiation costs and relocation costs, and the weight of the underlying asset in the business.

The lease liability is recognized as a separate item in the Group's statement of financial position. After first-time adoption, the lease liability is measured by increasing the

carrying value to reflect the interest rate on the lease liability (applying the effective interest method) and by reducing the carrying value to reflect paid lease payments. The Group remeasures the lease liability (and makes a corresponding adjustment to the right-of-use asset) if either:

- the lease term changes or if there is a change in the assessment of an option to buy the underlying asset, in which case the lease liability must be remeasured by discounting the revised lease payments using a revised discount rate, or
- the lease payments change due to changes in an index or price or a change in the amount which is expected to be paid out according to a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (provided the changes in the lease payments are not due to a revised variable interest rate, in which case the revised discount rate is used).

In cases where a lease is revised and the change is not recognized as a separate lease, the lease liability is remeasured by discounting the revised lease payments by a revised discount rate.

Right-of-use assets comprise the sum of the initial value of the corresponding lease liability, lease payments paid on or before the commencement date and any initial direct costs. In subsequent periods they are measured at cost after deducting accumulated depreciation and impairment. Right-of-use assets are depreciated over the lease term and the underlying asset's period of use, whichever is shorter. If the lease transfers ownership of the underlying asset to the Group or if the cost of the right-of-use asset reflects that the Group will exercise a call option, the associated right-of-use asset is depreciated during the underlying asset's period of use. Depreciation begins on the lease's commencement date. Right-of-use assets are recognized on a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether the right-of-use asset has been impaired and recognizes any identified impairment losses, as described in the principle for "Tangible non-current assets."

Variable lease payments that are not linked to an index or price are not included in the measurement of the lease liability or right-of-use asset. These associated payments are expensed in the period in which the event or circumstances that gave rise to these payments occur and are included on the line "Other external expenses" in the income statement.

IFRS 16 allows, as a practical implication, a lessee not to separate non-lease components from lease components and instead recognize each lease component and all associated non-lease components as a single lease component. The Group has elected to apply this practical implication.

AUDIT REPORT

This interim report has not been reviewed by the company's auditors.

OUTLOOK 2020

As a policy, the company does not issue earnings forecasts.

CONSOLIDATED INCOME STATEMENT CONDENSED

SEK thousands	Note	January March 2020	January March 2019	April 2019- March 2020	Full-year 2019
Net sales	1	171,973	188,155	740,672	756,854
Other operating revenue		10,329	4,617	27,913	22,201
Operating revenue		182,302	192,772	768,585	779,055
Goods for resale		-78,867	-81,349	-348,253	-350,735
Other external expenses	2	-42,207	-40,471	-153,503	-151,768
Staff costs		-35,307	-39,032	-146,742	-150,467
Depreciation/amortization of tangible/intangible non-current assets		-11,979	-12,801	-56,405	-57,227
Other operating expenses		-6,696	-573	-23,615	-17,493
Operating profit		7,246	18,545	40,067	51,365
Net financial items		5,972	1,401	1,899	-2,672
Profit before tax		13,218	19,946	41,966	48,693
Tax		-2,585	-3,067	-9,263	-9,745
Profit for the period		10,633	16,879	32,703	38,948
Profit for the period attributable to					
Parent Company's shareholders		10,633	16,879	32,703	38,948
Non-controlling interests		-	-	-	-
Earnings per share before dilution, SEK		0.42	0.67	1.30	1.55
Earnings per share after dilution, SEK		0.42	0.67	1.30	1.55
Number of shares		25,148,384	25,148,384	25,148,384	25,148,384

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME CONDENSED

SEK thousands	Note	January March 2020	January March 2019	April 2019- March 2020	Full-year 2019
Net profit for the period		10,633	16,879	32,703	38,948
OTHER COMPREHENSIVE INCOME					
Components that may be reclassified to profit or loss					
Translation difference for the period		337	-342	-5,263	-5,472
Total other comprehensive income for the period		337	-342	-5,263	-5,472
Total comprehensive income for the period		10,500	16,537	27,440	33,476
Total comprehensive income attributable to					
Parent Company's shareholders		10,970	16,537	27,468	33,504
Non-controlling interests		-	-	-28	-28

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONDENSED

SEK thousands	Note	March 31 2020	March 31 2019	Dec 31 2019
Non-current assets				
Goodwill		36,396	35,075	35,098
Trademarks		187,532	187,532	187,532
Other intangible assets		9,221	11,141	9,908
Tangible non-current assets		18,343	14,959	18,127
Deferred tax assets		15,800	21,475	14,958
Right-of-use assets		126,241	140,687	131,458
Total non-current assets		393,534	410,869	397,081
Current assets				
Inventory		137,535	128,203	128,424
Accounts receivable		137,545	144,008	124,805
Other current receivables		27,151	12,343	19,901
Cash & cash equivalents		21,968	29,355	29,002
Total current assets		324,198	313,909	302,132
Total assets		717,733	724,778	699,213
Equity and liabilities				
Equity		275,384	298,242	264,884
Deferred tax liabilities		40,254	39,790	40,370
Non-current liabilities credit institutions		150,000	150,000	150,000
Long-term lease liability		90,506	99,535	96,137
Current liability to credit institution		23,347	–	7,242
Accounts payable		61,479	22,845	55,862
Short-term lease liability		37,505	41,409	37,123
Other current liabilities		39,257	72,957	47,595
Total equity and liabilities		717,733	724,778	699,213

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONDENSED

SEK thousands	Note	Equity attributable to Parent Company's shareholders	Non-controlling interests	Total equity
Opening balance, January 1, 2019				
		287,567	-5,862	281,705
Total comprehensive income for the period		16,577	-40	16,537
Closing balance, March 31, 2019		304,144	-5,902	298,242
Opening balance, January 1, 2020				
		287,567	-5,862	281,705
Total comprehensive income for the period		33,504	-28	33,476
Distribution for 2018		-50,297	–	-50,297
Closing balance, December 31, 2019		270,774	-5,890	264,884
Opening balance, January 1, 2020				
		270,774	-5,890	264,884
Total comprehensive income for the period		10,970	-470	10,500
Closing balance, March 31, 2020		281,744	-6,360	275,384

CONSOLIDATED STATEMENT OF CASH FLOWS CONDENSED

SEK thousands	January March 2020	January March 2019	Full-year 2019
Cash flow from operating activities			
Before changes in working capital	5,088	25,953	91,715
Changes in working capital	-21,570	-20,794	20,797
Cash flow from operating activities	-16,483	5,159	112,512
Investments in intangible non-current assets	-337	-1,940	-3,845
Investments in tangible non-current assets	-906	-940	-8,732
Cash flow from investing activities	-1,243	-2,880	-12,577
Distribution	-	-	-50,297
Amortization of loans	-3,890	-	-
Amortization of lease liability	-3,365	-10,212	-47,218
Repayment of convertible loan	-	-	-18,153
Overdraft facility	16,105	-	7,242
Cash flow from financing activities	8,850	-10,212	-108,426
Cash flow for the period	-8,876	-7,933	-8,491
Cash & cash equivalents at beginning of year	29,002	36,388	36,388
Translation difference in cash & cash equivalents	1,842	900	1,105
Cash & cash equivalents at end of the period	21,968	29,355	29,002

KEY FIGURES

GROUP

SEK thousands	January March 2020	January March 2019	April 2019- March 2020	Full-year 2019
Gross profit margin, %	54.1	56.8	53.0	53.7
Operating margin, %	4.2	9.9	5.4	6.8
Profit margin, %	7.7	9.6	5.7	6.4
Return on capital employed, %	8.7	16.6	8.7	12.0
Return on average equity, %	11.4	21.0	11.4	14.3
Profit attributable to Parent Company's shareholders	10,633	16,879	32,704	38,948
Equity/assets ratio, % *	46.8	51.1	46.8	46.9
Equity per share, SEK	10.95	11.86	10.95	10.53
Investments in intangible non-current assets	337	1,940	337	3,845
Investments in tangible non-current assets	906	940	906	8,732
Depreciation, amortization and impairment losses for the period	-11,979	-12,801	-56,405	-57,227
Average number of employees	204	211	211	212

*The ratio was adjusted for lease liabilities after the introduction of IFRS 16 Leasing on January 1, 2019. The definition of the ratio can be found on page 14.

SUMMARY BY SEGMENT GROUP

SEK thousands	January March 2020	January March 2019	April 2019- March 2020	Full-year 2019
Operating revenue				
Wholesale				
External revenue	130,465	138,500	508,207	516,237
Internal revenue	701	967	13,932	14,198
	131,166	139,467	522,139	530,435
Consumer Direct				
External revenue	39,519	38,058	198,523	197,065
Internal revenue	–	30	195	225
	39,519	38,088	198,718	197,290
Distributors				
External revenue	5,443	9,969	45,759	50,284
Internal revenue	96,464	111,280	398,713	413,529
	101,907	121,249	444,472	463,813
Licensing				
External revenue	6,874	6,245	16,097	15,468
Internal revenue	16,168	18,349	65,788	67,969
	23,042	24,594	81,885	83,437
Less internal sales	–113,332	–130,626	–478,627	–495,920
Operating revenue	182,302	192,772	768,858	779,055
Operating profit				
Wholesale	7,260	14,730	21,696	29,587
Consumer Direct	–7,615	–4,137	–5,752	–2,707
Distributors	1,457	2,636	9,908	11,094
Licensing	6,145	5,316	14,215	13,391
Operating profit	7,247	18,545	40,067	51,365

Reconciliation between operating profit and profit before tax

The difference between operating profit for segments for which information must be disclosed, SEK 7,247 thousand (18,545), and the result before tax, SEK 13,218 thousand (19,946), is net financial items, SEK 5,972 thousand (1,401).

QUARTERLY DATA GROUP

SEK thousands	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Net sales	171,973	196,407	230,585	141,705	188,155	196,898	203,132	140,341
Gross profit margin, %	54.1	50.8	52.5	55.4	56.8	55.5	57.7	59.9
Operating profit/loss	7,247	1,432	33,065	–1,678	18,545	16,033	36,999	2,888
Operating margin, %	4.2	0.7	14.3	–1.2	9.9	8.1	18.2	2.1
Profit/loss after financial items	13,218	–2,566	34,140	–2,828	19,946	16,081	35,634	3,216
Profit margin, %	7.7	–1.3	14.8	–2.0	10.6	8.2	17.5	2.3
Earnings per share before dilution, SEK	0.42	–0.11	1.07	–0.09	0.67	0.58	1.15	0.06
Earnings per share after dilution, SEK	0.42	–0.11	1.07	–0.09	0.67	0.58	1.15	0.06
Number of Björn Borg stores at end of period	33	33	33	32	32	34	34	38
of which Group-owned Björn Borg stores	30	30	30	29	29	30	30	34
Brand sales	450,792	380,927	513,901	272,185	473,112	453,784	443,527	294,022

PARENT COMPANY INCOME STATEMENT CONDENSED

SEK thousands	Note	January March 2020	January March 2019	April 2019- March 2020	Full-year 2019
Net sales		25,644	25,539	102,607	102,502
Other operating revenue		712	594	2,617	2,499
Operating revenue		26,356	26,133	105,224	105,001
Goods for resale		-1	-1	-2	-2
Other external expenses	2	-13,727	-17,775	-60,255	-64,303
Staff costs		-9,623	-11,130	-38,751	-40,258
Depreciation/amortization of tangible/intangible non-current assets		-563	-418	-2,241	-2,096
Other operating expenses		-269	-27	-1,547	-1,305
Operating profit/loss		2,173	-3,218	2,428	-2,963
Result from shares in subsidiaries		-	-	37,725	37,725
Net financial items		899	-432	-3,669	-5,000
Profit/loss after financial items		3,072	-3,650	36,484	29,762
Group contributions received		-	-	15,761	15,761
Appropriations		-	-	-429	-429
Profit/loss before tax		3,072	-3,650	51,816	45,094
Tax		-	-293	-1,780	-2,073
Profit/loss for the period		3,072	-3,943	50,036	43,021
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		3,072	-3,943	50,036	43,021

PARENT COMPANY BALANCE SHEET CONDENSED

SEK thousands	Note	March 31 2020	March 31 2019	Dec 31 2019
Non-current assets				
Intangible assets		5,965	7,133	6,449
Tangible non-current assets		1,069	404	1,010
Deferred tax		11	16	11
Shares in Group companies		344,106	344,106	344,106
Total non-current assets		351,151	351,659	351,576
Current assets				
Receivables from Group companies		777,871	705,036	771,067
Current receivables		10,423	3,681	7,739
Cash & cash equivalents		-	2,274	-
Total current assets		788,294	710,991	778,806
Total assets		1,139,445	1,062,650	1,130,382
Equity and liabilities				
Equity		197,084	197,345	194,012
Untaxed reserves		1,038	609	1,038
Non-current liabilities credit institutions		150,000	150,000	150,000
Current liability to credit institution		23,347	-	7,242
Due to Group companies		751,562	669,659	755,248
Accounts payable		7,964	5,692	5,514
Other current liabilities		4,450	39,345	17,328
Total equity and liabilities		1,139,445	1,062,650	1,130,382

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY CONDENSED

SEK thousands	January March 2020	January March 2019	Full-year 2019
Opening balance	194,012	201,288	201,288
Distribution	–	–	–50,297
Total comprehensive income for the period	3,072	–3,943	43,021
Closing balance	197,084	197,345	194,012

SUPPLEMENTARY DISCLOSURES

NOTE 1 NET SALES

The Group's net sales consist of sales of products and royalties for usage of the company's brand. Transfers of goods/royalties are made at fixed points in time.

SEK thousands	Group	
	Jan-Mar 2020	Jan-Mar 2019
Sweden	59,719	69,033
Netherlands	42,343	50,860
Finland	35,077	28,271
Other	34,834	39,991
Total	171,973	188,155

NOTE 2 OTHER EXTERNAL EXPENSES

SEK thousands	Group		Parent Company	
	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019
Cost of premises	2,000	1,677	2,945	2,625
Selling expenses	16,548	11,870	1,210	879
Marketing expenses	13,291	16,056	5,636	9,479
Administrative expenses	7,655	8,228	3,236	3,875
Other	2,713	2,640	700	917
Total	42,207	40,471	13,727	17,775

DEFINITIONS

The company presents certain financial measures in this interim report that are not defined according to IFRS. The company considers these measures to be valuable complementary information for investors and the company's management. Since not all companies calculate financial measures in the same way, they are not always comparable with measures used by other companies. Consequently, these measures should not be seen as a substitute for measures defined according to IFRS. For more on the calculation of these key financial ratios, see <https://corporate.bjornborg.com/en/section/investors/interim-reports/>

AVAILABLE LIQUIDITY

Cash plus unutilized credit facility.

Purpose: Shows the available liquidity.

BRAND SALES

Estimated total sales of Björn Borg products at the consumer level, excluding VAT, based on reported wholesale sales.

Purpose: Shows the sales trend measured as retail value excluding VAT.

CAPITAL EMPLOYED

Total assets less non-interest-bearing liabilities and provisions.

Purpose: Capital employed measures capital use and efficiency.

COMPARABLE STORE SALES

Sales for own stores that were also open in the previous period.

Purpose: To obtain comparable sales between periods for own stores.

EARNINGS PER SHARE (DEFINED ACCORDING TO IFRS)

Profit after tax in relation to the weighted average number of shares during the period.

Purpose: This indicator is used to assess an investment from an owner's perspective.

EARNINGS PER SHARE AFTER DILUTION (DEFINED ACCORDING TO IFRS)

Earnings per share adjusted for any dilution effect.

Purpose: This indicator is used to assess an investment from an owner's perspective.

EQUITY/ASSETS RATIO

Equity as a percentage of total assets.

Purpose: This indicator shows financial risk, expressed as a share of total restricted equity financed by the owners.

GROSS PROFIT MARGIN

Net sales less cost of goods sold divided by net sales.

Purpose: Gross margin is used to measure operating profitability.

GROSS PROFIT MARGIN BEFORE ACQUISITIONS

Net sales less cost of goods sold divided by net sales.

Purpose: Gross margin before acquisitions is used to measure operating profitability adjusted for acquisition effects.

GROSS PROFIT MARGIN EXCL. CURRENCY EFFECTS

Gross profit margin calculated using year-earlier exchange rates.

Purpose: To obtain a currency neutral gross profit margin.

GROUP NET SALES EXCL. CURRENCY EFFECTS

Net sales calculated using year-earlier exchange rates.

Purpose: To obtain comparable and currency neutral net sales.

NET DEBT

Liabilities less investments and cash & cash equivalents.

Purpose: Net debt reflects the company's total debt situation.

NET DEBT TO EBITDA RATIO

Liabilities less investments and cash & cash equivalents divided by operating profit before depreciation/amortization.

Purpose: This indicator shows the company's ability to pay debts.

NET FINANCIAL ITEMS

Financial income less financial expenses.

Purpose: Describes the company's financial activities.

OPERATING MARGIN

Operating profit as a percentage of net sales.

Purpose: The operating margin is used to measure operating profitability.

OPERATING PROFIT

Profit before tax plus net financial items.

Purpose: This indicator facilitates profitability comparisons regardless of the company's tax rate and independent of its financing structure.

PROFIT MARGIN

Profit before tax as a percentage of net sales.

Purpose: Profit margin shows the company's profit in relation to its sales.

RETURN ON CAPITAL EMPLOYED

Profit before tax (per rolling 12-month period) plus financial expenses as a percentage of average capital employed.

Purpose: This indicator is the key measure to quantify the return on the capital used in operations.

RETURN ON EQUITY

Profit for the period/year attributable to the Parent Company's shareholders (for rolling 12 months) according to the income statement as a percentage of average equity. Average equity is calculated by adding equity at January 1 to equity at March 31 and dividing by two.

Purpose: This indicator is used to show, from an ownership perspective, the return generated on the owners' invested capital.

The Board of Directors and the CEO certify that the interim report provides a true and fair overview of the operations, financial position and results of the Parent Company and the Group and describes the material risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, May 14, 2020

Heiner Olbrich
Chairman

Alessandra Cama
Board member

Göran Carlson
Board member

Christel Kinning
Board member

Anette Klintfeldt
Board member

Fredrik Lövestedt
Board member

Mats H Nilsson
Board member

Henrik Bunge
CEO

CALENDAR 2020

The interim report for January-June 2020 will be released at 7:30 am (CET) on August 18, 2020.

The interim report for January-September 2020 will be released on at 7:30 am (CET) November 20, 2020.

The year-end report for 2020 will be released at 7:30 am (CET) on February 26, 2021.

FINANCIAL REPORTS

Financial reports can be downloaded from the company's website, www.bjornborg.com or ordered by telephone +46 8 506 33 700 or by e-mail info@bjornborg.com.

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ABOUT THE BJÖRN BORG GROUP

The Group owns the Björn Borg trademark and its core business is sports apparel and underwear. It also offers footwear, bags and eyewear through licensees. Björn Borg products are sold in around twenty markets, of which Sweden and the Netherlands are the largest. The Björn Borg Group has operations at every level from branding to consumer sales in its own Björn Borg stores. Total sales of Björn Borg products in 2019 amounted to about SEK 1.6 billion, excluding VAT, at the consumer level. Group net sales amounted to SEK 756.9 million in 2019, with an average of 212 employees. The Björn Borg share has been listed on Nasdaq Stockholm since 2007.

IMAGES IN THE INTERIM REPORT

The images in the interim report are taken from Björn Borg's spring/summer 2020 collection.

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Björn Borg is required to make public this information according to the EU's Market Abuse Regulation.
The information was released for publication by the above-mentioned contacts on May 14, 2020 at 7:00 pm (CET).